

BUILDING A WORLD OF DIFFERENCE

CITY OF BROKEN ARROW, OK **COMPREHENSIVE WATER, WASTEWATER** **AND STORMWATER RATE STUDY**

REVISED REVENUE **REQUIREMENTS**

April 1, 2014



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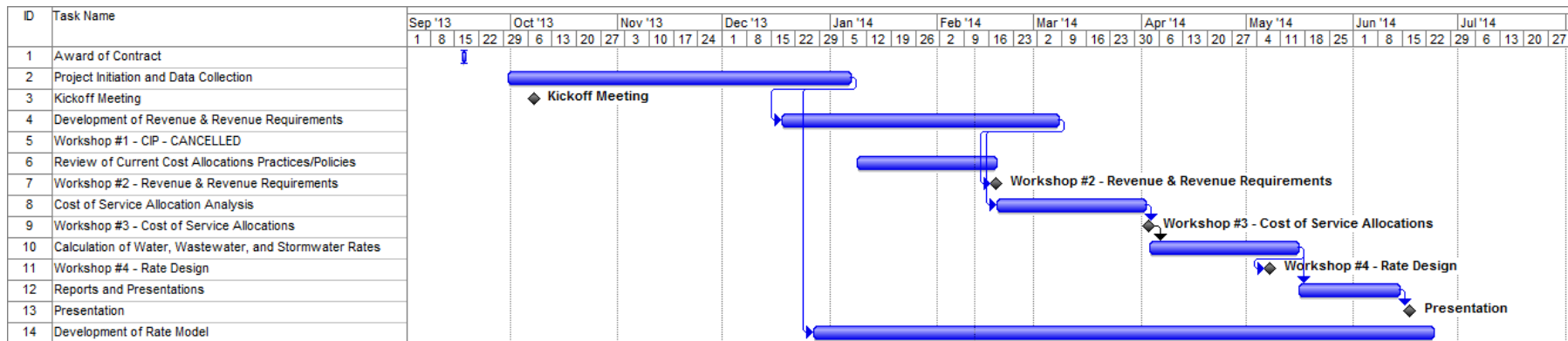
Agenda

Revised Revenue Requirements

Preliminary Cost of Service Analysis

Next Steps

PROJECT SCHEDULE



REVISED REVENUE REQUIREMENTS

MAJOR REVISIONS SINCE FEBRUARY WORK SESSION

- **Indirect Cost Allocations**
 - 6-year plan to phase in new allocation (FY15 – FY20)
 - 10%, 10%, 20%, 20%, 20%, 20%
- **Proposed Revenue Increases**
 - First revenue increase Effective July 1, 2014 (FY 2015)
 - 1 month billing lag
 - Two revenue increases for FY 2016
 - July 1, 2015
 - January 1, 2016

PRELIMINARY COST ALLOCATION FRAMEWORK

LINE #	DEPARTMENT	INDIRECT COST CENTER	FY 2014					
			DIRECT COST CENTERS					
			General Fund	Stormwater	Water Utilities R&C & Water Plant	Wastewater Utilities R&C & Wastewater Plant	Sanitation	Total
1	City Manager	City Manager	\$ 477,000	\$ 47,700	\$ 190,800	\$ 190,800	\$ 47,700	\$ 954,000
2	Finance	Accounting	416,609	38,543	175,163	65,916	65,270	761,500
3	Law	City Attorney	431,205	75,650	75,650	98,345	75,650	756,500
4	Human Resources	Human Resources	440,163	46,514	59,004	38,331	67,187	651,200
5	Human Resources	Information Services	921,021	25,478	32,319	20,996	140,586	1,140,400
6	Human Resources	City/Court Clerk	583,948	2,994	17,527	7,282	4,448	616,200
7	Human Resources	Risk Management	235,356	18,697	13,420	8,610	15,017	291,100
8	Development Services	One Stop Center, Planning, Inspections	2,272,590	59,805	29,903	29,903	-	2,392,200
9	General Government	General Purposes	1,978,600	-	-	-	-	1,978,600
10	Police	Police	14,731,742	14,360	119,259	20,139	-	14,885,500
11	Police	Communications	1,708,468	1,665	13,831	2,336	-	1,726,300
12	Parks	Parks	1,876,913	20,487	-	-	-	1,897,400
13	General Services	Electrical	434,012	-	914	914	14,260	450,100
14	BAMA-Finance	Revenue	191,913	191,757	189,703	179,371	173,056	925,800
15	BAMA -General Government	General Government	-	261,272	331,428	215,307	377,393	1,185,400
16	BAMA-General Services	Operations	166,739	36,749	84,107	84,107	47,199	418,900
17	BAMA-General Services	Building Maintenance	626,143	54	7,545	16,392	184,366	834,500
18	BAMA-General Services	Fleet/Equipment Maintenance	730,938	139,924	66,885	74,423	212,730	1,224,900
19	BAMA-General Services	Logistics	155,080	20,034	77,931	79,138	29,018	361,200
20	BAMA-Engineering/Construction	Construction	490,892	20,295	92,235	34,709	34,369	672,500
21	BAMA-Engineering/Construction	Engineering	774,478	32,020	145,519	54,760	54,224	1,061,000
TOTAL INDIRECT COSTS (PROPOSED)			\$ 29,643,808	\$ 1,053,999	\$ 1,723,142	\$ 1,221,779	\$ 1,542,472	\$ 35,185,200
TOTAL INDIRECT COSTS (PROPOSED)			84%	3%	5%	3%	4%	100%

PRELIMINARY COST ALLOCATION FRAMEWORK

FY 2014 BUDGET

	<u>GENERAL FUND</u>	<u>STORMWATER</u>	<u>WATER</u>	<u>WASTEWATER</u>	<u>SANITATION</u>	<u>TOTAL</u>
Total Fund 10 (BAMA to General Fund)	26,507,627	351,893	727,790	483,572	430,118	28,501,000
Existing Overhead Fee	27,531,300	153,200	359,900	232,700	223,900	28,501,000
Net Change	(1,023,673)	198,693	367,890	250,872	206,218	0
Total Fund 20 (General Fund to BAMA)	3,136,183	702,105	995,353	738,207	1,112,355	6,684,203
Budget Direct Costs		2,361,200	10,709,900	3,779,800	4,487,500	21,338,400
Existing Allocation - based on direct O&M	412,000	694,050	3,148,065	1,111,033	1,319,054	6,684,202
Net Change	2,724,183	8,055	(2,152,712)	(372,826)	(206,699)	1
Total Indirect Costs (Proposed)	29,643,810	1,053,998	1,723,143	1,221,779	1,542,473	35,185,203
Total Indirect Costs (Proposed)	84.3%	3.0%	4.9%	3.5%	4.4%	100.0%
Total Indirect Costs (Existing)	27,943,300	847,250	3,507,965	1,343,733	1,542,954	35,185,202
Total Indirect Costs (Existing)	79.4%	2.4%	10.0%	3.8%	4.4%	100.0%

EXISTING ALLOCATION

BAMA to General Fund	969,700
General Fund to BAMA	412,000
Net to/(from) General Fund	557,700

NEW ALLOCATION

BAMA to General Fund	1,993,373
General Fund to BAMA	3,136,183
Net to/(from) General Fund	(1,142,810)

NET CHANGE TO/(FROM) GENERAL FUND	(1,700,510)
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CASH FLOW ASSUMPTIONS

- **Phase in new Indirect Cost Allocations**
 - 10%, 10%, 20%, 20%, 20%, 20%
- **Proposed Revenue Increases**
 - First revenue increase Effective July 1, 2014 (FY 2015)
 - Two revenue increases for FY 2016
- **Fully fund the Emergency Reserve by FY 2019**
 - 180 days water/wastewater, 120 days stormwater
- **Capital projects debt financed until Emergency Reserve Fund balance met**

WATER – ESTIMATED REVENUES AND REVENUE REQUIREMENTS UNDER INCREASED RATES

Line No.	Description	Fiscal Year Ending June 30,					
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
		\$	\$	\$	\$	\$	\$
Revenues:							
1	Water Sales - Existing Rates	16,578,300	16,711,600	16,790,800	16,869,900	16,949,600	17,029,900
2	Other Revenue	1,151,400	1,153,200	1,157,000	1,161,500	1,183,100	1,203,900
3	Overhead Fee	193,900	341,900	498,500	815,100	1,150,300	1,504,700
4	Total Revenues	17,923,600	18,206,700	18,446,300	18,846,500	19,283,000	19,738,500
Revenue Requirements:							
Operation & Maintenance Expense							
5	Direct	10,709,900	9,312,900	9,605,800	9,909,200	10,223,400	10,548,700
6	Indirect - General Fund	359,900	405,800	454,700	550,300	653,500	766,000
7	Indirect - BAMA	3,147,800	3,022,600	2,886,300	2,502,100	2,090,300	1,648,800
8	Payment in Lieu of Taxes	1,427,100	1,356,800	1,542,000	1,744,400	1,842,900	1,944,200
9	Existing Debt	2,153,600	4,778,600	4,777,300	4,784,600	4,777,000	4,774,300
10	Additional Debt	-	481,900	1,108,400	1,889,100	2,602,300	2,718,000
11	Capital Outlay/Equipment	2,555,100	1,093,600	825,100	619,700	451,600	241,300
12	Cash Financing of Capital Projects	-	-	-	-	-	3,000,000
13	Total Revenue Requirements	20,353,400	20,452,200	21,199,600	21,999,400	22,641,000	25,641,300
14	Net Balance	(2,429,800)	(2,245,500)	(2,753,300)	(3,152,900)	(3,358,000)	(5,902,800)
15	Beginning Fund Balance	3,410,300	980,500	113,700	1,129,600	4,366,100	8,629,900
16	Additional Revenue Required	-	1,378,700	3,769,200	6,389,400	7,621,800	8,892,200
17	End of Year Balance	980,500	113,700	1,129,600	4,366,100	8,629,900	11,619,300
18	Number of Days - Actual	18	2	19	72	139	187
19	Number of Days - Target	180	180	180	180	180	180
20	Indicated Revenue Adjustment (Beg Year)		9.00%	9.00%	7.00%	5.00%	5.00%
21	Indicated Revenue Adjustment (Mid Year)			9.00%			

WASTEWATER – ESTIMATED REVENUES AND REVENUE REQUIREMENTS UNDER INCREASED RATES

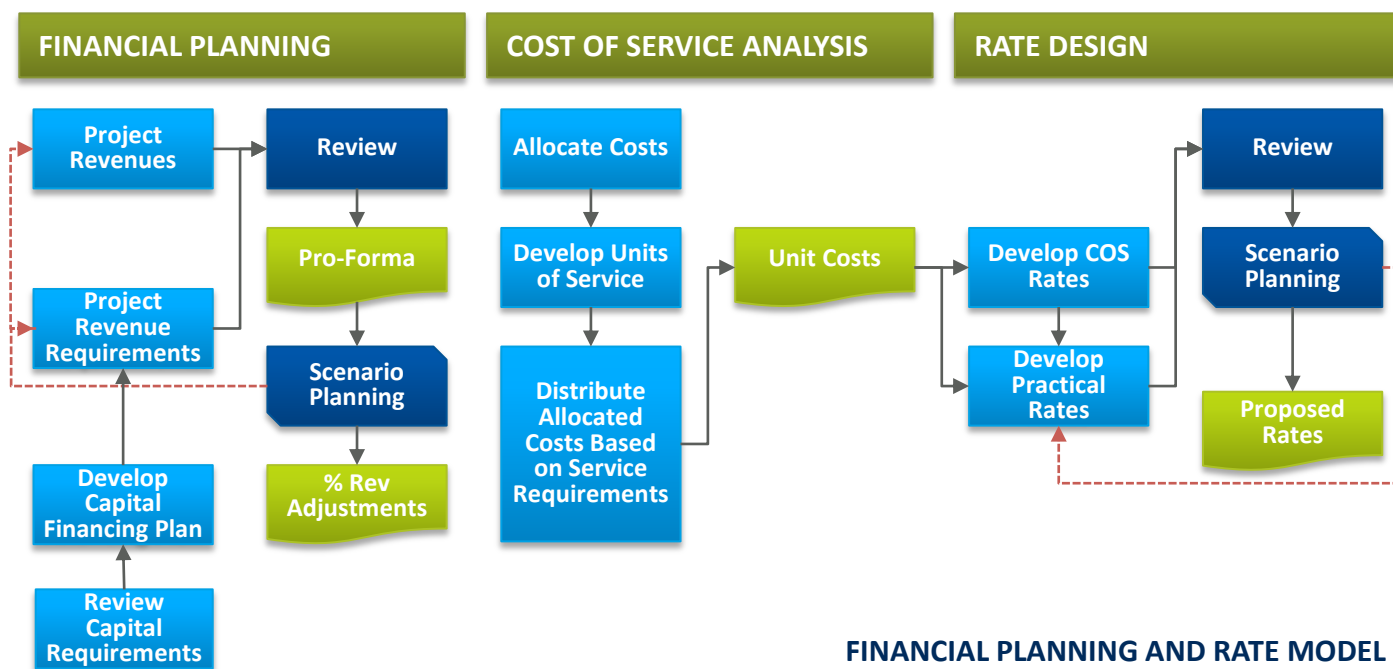
Line No.	Description	Projected					
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
		\$	\$	\$	\$	\$	\$
Revenues:							
1	Wastewater Sales - Existing Rates	8,570,900	8,612,000	8,612,000	8,612,000	8,612,000	8,612,000
2	Other Revenue	273,000	278,600	285,600	296,800	309,700	321,300
3	Overhead Fee	103,100	152,800	205,400	310,500	421,600	539,200
4	Total Revenues	8,947,000	9,043,400	9,103,000	9,219,300	9,343,300	9,472,500
Revenue Requirements:							
Operation & Maintenance Expense							
5	Direct	3,779,800	3,881,300	3,986,000	4,094,000	4,205,100	4,320,000
6	Indirect - General Fund	232,700	263,600	297,000	361,900	432,300	508,300
7	Indirect - BAMA	1,110,900	1,106,600	1,100,800	1,051,200	997,300	937,800
8	Payment in Lieu of Taxes	690,200	716,900	843,500	991,400	1,090,600	1,179,300
9	Existing Debt	1,656,400	1,910,700	2,042,900	2,009,300	1,881,100	1,750,400
10	Additional Debt	-	843,300	2,024,000	3,913,200	4,515,600	5,273,400
11	Capital Outlay/Equipment	951,400	1,028,300	895,700	689,900	689,700	604,500
12	Cash Financing of Capital Projects	-	-	-	-	-	-
13	Total Revenue Requirements	8,421,400	9,750,700	11,189,900	13,110,900	13,811,700	14,573,700
14	Net Balance	525,600	(707,300)	(2,086,900)	(3,891,600)	(4,468,400)	(5,101,200)
15	Beginning Fund Balance	1,764,000	2,289,600	2,529,600	3,077,200	3,792,700	5,253,300
16	Additional Revenue Required	-	947,300	2,634,500	4,607,100	5,929,000	7,112,100
17	End of Year Balance	2,289,600	2,529,600	3,077,200	3,792,700	5,253,300	7,264,200
18	Number of Days - Actual	99	95	100	106	139	182
19	Number of Days - Target	180	180	180	180	180	180
20	Indicated Revenue Adjustment (Beg Year)		12.00%	12.00%	10.00%	10.00%	8.00%
21	Indicated Revenue Adjustment (Mid Year)			12.00%			

STORMWATER – ESTIMATED REVENUES AND REVENUE REQUIREMENTS UNDER INCREASED RATES

Line No.	Description	Projected					
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
		\$	\$	\$	\$	\$	\$
Revenues:							
1	Stormwater Sales - Existing Rates	3,780,400	3,827,300	3,875,000	3,923,300	3,972,700	4,022,700
2	Other Revenue	110,200	106,700	108,000	110,300	111,200	112,200
3	Overhead Fee	45,400	77,800	112,100	181,300	254,700	332,300
4	Total Revenues	3,936,000	4,011,800	4,095,100	4,214,900	4,338,600	4,467,200
Revenue Requirements:							
Operation & Maintenance Expense							
5	Direct	2,361,200	2,438,300	2,518,000	2,600,600	2,686,200	2,775,000
6	Indirect - General Fund	153,200	177,300	202,400	252,600	307,000	365,900
7	Indirect - BAMA	694,000	716,200	738,000	760,600	782,900	804,600
8	Payment in Lieu of Taxes	288,300	302,800	333,200	366,600	386,400	406,900
9	Existing Debt	-	-	-	-	-	-
10	Additional Debt	-	-	-	-	-	-
11	Capital Outlay/Equipment	509,500	641,200	329,700	568,700	207,900	555,800
12	Cash Financing of Capital Projects	-	-	-	500,000	1,000,000	750,000
13	Total Revenue Requirements	4,006,200	4,275,800	4,121,300	5,049,100	5,370,400	5,658,200
14	Net Balance	(70,200)	(264,000)	(26,200)	(834,200)	(1,031,800)	(1,191,000)
15	Beginning Fund Balance	764,400	694,200	640,700	1,181,800	1,312,200	1,459,100
16	Additional Revenue Required	-	210,500	567,300	964,600	1,178,700	1,402,000
17	End of Year Balance	694,200	640,700	1,181,800	1,312,200	1,459,100	1,670,100
18	Number of Days - Actual	63	55	105	105	122	124
19	Number of Days - Target	120	120	120	120	120	120
20	Indicated Revenue Adjustment (Beg Year)		6.00%	6.00%	5.00%	4.00%	4.00%
21	Indicated Revenue Adjustment (Mid Year)			6.00%			

PRELIMINARY COST OF SERVICE ANALYSIS

PROJECT METHODOLOGY



HOW MUCH MONEY IS NEEDED?

FROM WHOM SHOULD THE MONEY BE COLLECTED?

HOW SHOULD THE SERVICES BE PRICED?

Rigorous, methodical and transparent analysis leads to defensible rates

WHAT IS COST OF SERVICE?

- **Cost of service is:**
 - A method to equitably allocate the revenue requirements of the utility between the various customer classes of service (e.g. residential, commercial, etc)
- **The cost of service provides two key pieces of information:**
 - Allocated total costs to each class of service
 - Average unit costs
 - \$/Customer/Month
 - \$/1,000 gallons
 - \$/lb (wastewater excess strength)
 - \$/ESU (stormwater)

WHY COST OF SERVICE?

- The fundamental question: Do cost differences exist to serve the various customer classes of service?
- Costs of operating the utility are not accounted for on a customer class-by-class basis
 - E.g. – the utility repairs a main, not a residential main
- Many costs are incurred for the joint benefit of all customers, while other costs may benefit only certain specific customers
- Not all customers consume water/ contribute wastewater in the same manner or require the same facilities to be served

BENEFITS OF COST OF SERVICE

- Generally accepted as “fair and equitable”
- Avoids interclass subsidies
- Rates equal cost of service provided
- Can provide an accurate “price signal”
- Legally defensible

APPROACHES TO PROJECTING REVENUE REQUIREMENTS

Cash Basis	Utility Basis
+ O&M expenses	+ O&M expenses
+ Taxes, transfer payments	+ Taxes, transfer payments
+ Debt Service	+ Depreciation expense
+ Capital Projects	+ Return on rate base
= Total Revenue Requirements	= Total Revenue Requirements

Utility Basis is commonly used by privately owned utilities or municipal utilities with outside city or wholesale customers

WATER COST OF SERVICE – FY2015

Line No.	Description	(1) O&M Expense \$	(2) Capital Costs \$	(3) Total \$
Revenue Requirements				
1	Operating Expense	12,741,300		12,741,300
2	Debt Service Requirements		5,260,500	5,260,500
3	Payment in Lieu of Taxes	1,356,800		1,356,800
4	Routine Annual Additions & Replacements		1,093,600	1,093,600
5	Transfer to Construction Fund		-	-
6	Total	14,098,100	6,354,100	20,452,200
Revenue Requirements Met from Other Sources				
7	Other Revenue	1,044,900	436,200	1,481,100
8	Interest Income	14,000		14,000
9	Change in Funds Available	597,500	269,300	866,800
10	Adjustment if Rate Increase Effective All Year	(86,400)	(38,900)	(125,300)
11	Total	1,570,000	666,600	2,236,600
Net Costs to be met from Water Sales Charges		12,528,100	5,687,500	18,215,600
Restatement of Net Costs:				
12	Operation & Maintenance	12,528,100		12,528,100
Capital Costs:				
13	Depreciation		2,159,500	2,159,500
14	Return on Investment		3,528,000	3,528,000
15	Total Cost of Service to be Recovered from Rates	12,528,100	5,687,500	18,215,600

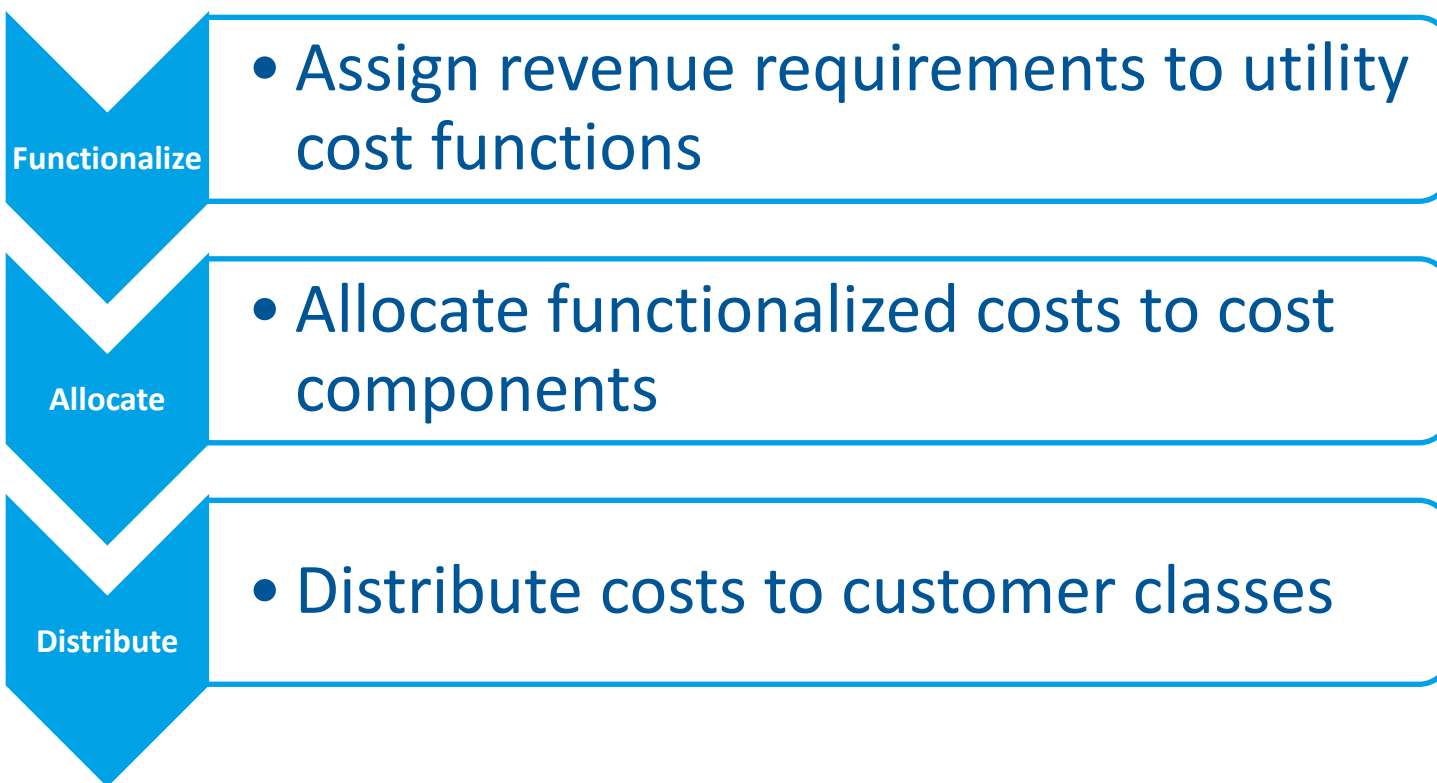
WASTEWATER COST OF SERVICE – FY2015

Line No.	Description	(1) O&M Expense \$	(2) Capital Costs \$	(3) Total \$
Revenue Requirements				
1	Operating Expense	5,251,500		5,251,500
2	Debt Service Requirements		2,754,000	2,754,000
3	Payment in Lieu of Taxes	716,900		716,900
4	Routine Annual Additions & Replacements		1,028,300	1,028,300
5	Transfer to Construction Fund		-	-
6	Total	5,968,400	3,782,300	9,750,700
Revenue Requirements Met from Other Sources				
7	Other Revenue	414,500	11,300	425,800
8	Interest Income	5,600		5,600
9	Change in Funds Available	(146,900)	(93,100)	(240,000)
10	Adjustment if Rate Increase Effective All Year	(52,700)	(33,400)	(86,100)
11	Total	220,500	(115,200)	105,300
Net Costs to be met from Wastewater Sales Charges		5,747,900	3,897,500	9,645,400
Restatement of Net Costs:				
12	Operation & Maintenance	5,747,900		5,747,900
Capital Costs:				
13	Depreciation		1,776,000	1,776,000
14	Return on Investment		2,121,500	2,121,500
15	Total Cost of Service to be Recovered from Rates	5,747,900	3,897,500	9,645,400

STORMWATER COST OF SERVICE – FY2015

Line No.	Description	(1) O&M Expense \$	(2) Capital Costs \$	(3) Total \$
Revenue Requirements				
1	Operating Expense	3,331,800		3,331,800
2	Debt Service Requirements		-	-
3	Payment in Lieu of Taxes	302,800		302,800
4	Routine Annual Additions & Replacements		641,200	641,200
5	Transfer to Construction Fund		-	-
6	Total	3,634,600	641,200	4,275,800
Revenue Requirements Met from Other Sources				
7	Other Revenue	184,400		184,400
8	Interest Income	100		100
9	Change in Funds Available	45,500	8,000	53,500
10	Adjustment if Rate Increase Effective All Year	(16,200)	(2,900)	(19,100)
11	Total	213,800	5,100	218,900
12	Total Cost of Service to be Recovered from Rates	3,420,800	636,100	4,056,900
13	Total Test Year Equivalent Stormwater Units			70,874
14	Total Unit Cost of Service - \$/month			\$ 4.77

COST OF SERVICE STEPS



ASSIGN COSTS TO UTILITY COST FUNCTIONS

- **Water**

Source of Supply



Pump Station



Water Treatment



Transmission and Distribution



Fire Protection



- **Wastewater**

Lift Station



Wastewater Treatment



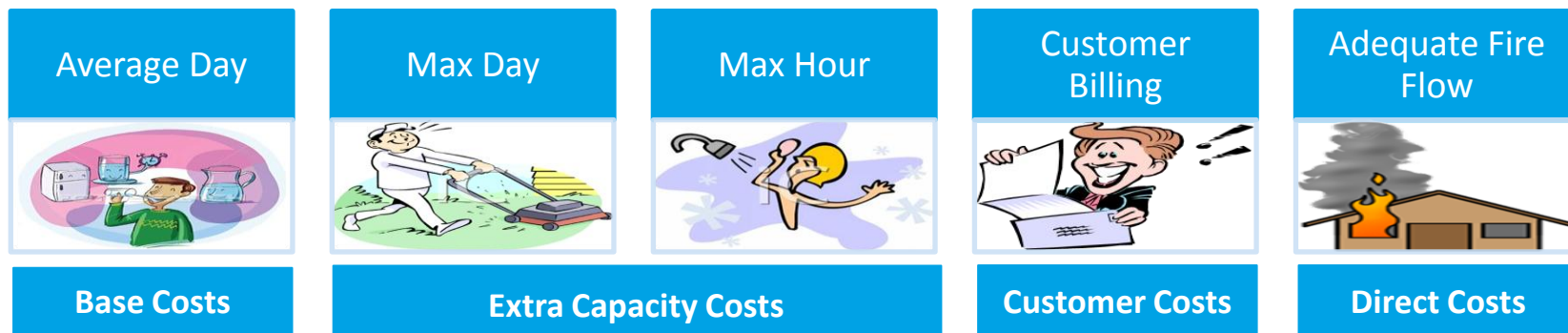
Collection System



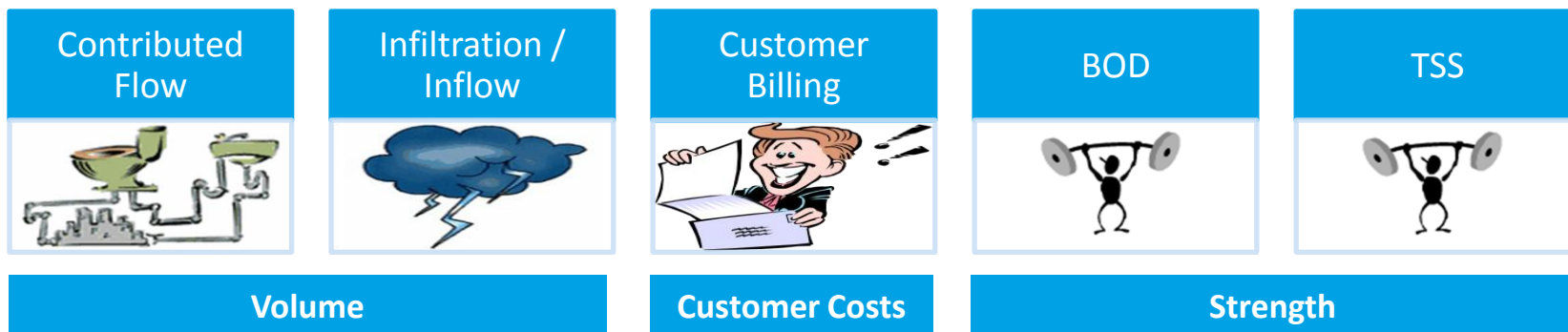
Utility function refers to the key operational activity with which a particular cost is identified

ALLOCATION TO COST COMPONENTS

Water



Wastewater



WATER NET PLANT ALLOCATION

Line No.	Description	(1)	(2)	Extra Capacity		Customer		(7)	(8)
		Total	Base	Maximum Day	Maximum Hour	Meters and Service	Billing and Collecting	Direct Fire Protection	Allocations
		\$	\$	\$	\$	\$	\$	\$	
Source of Supply									
1	Land and Land Rights	52,900	52,900	-	-	-	-	-	Base All
2	Pumping Equipment	2,261,100	1,028,800	1,232,300	-	-	-	-	Base/Max Day All
Treatment									
3	Land and Land Rights	77,100	35,100	42,000	-	-	-	-	Base/Max Day All
4	Structures and Improvements	52,850,000	24,046,700	28,803,300	-	-	-	-	Base/Max Day All
5	Pumping Equipment	473,000	215,200	257,800	-	-	-	-	Base/Max Day All
6	Water Treatment Equipment	3,200	1,500	1,700	-	-	-	-	Base/Max Day All
7	Other Plant and Miscellaneous Equipment	52,600	23,900	28,700	-	-	-	-	Base/Max Day All
Transmission & Distribution									
8	Land and Land Rights	6,000	2,700	3,300	-	-	-	-	Base/Max Day All
9	Pumping Equipment	64,000	-	-	64,000	-	-	-	Max Hour All
10	Distribution Reservoirs and Standpipes	1,855,000	639,900	768,000	447,100	-	-	-	Base/Max Day/Max Hour All
11	Distribution Mains	12,984,600	4,479,700	5,375,600	3,129,300	-	-	-	Base/Max Day/Max Hour All
12	Transmission Mains	7,923,500	3,605,200	4,318,300	-	-	-	-	Base/Max Day All
13	Meters and Meter Installations	207,300	-	-	-	207,300	-	-	Meters & Services
14	Hydrants	10,300	-	-	-	-	-	10,300	Direct Fire
15	Admin & General	3,190,400	1,378,300	1,651,300	151,800	8,600	-	400	All Above
16	Total Net Plant	82,011,000	35,509,900	42,482,300	3,792,200	215,900	-	10,700	

WATER O&M ALLOCATION

Line No.	Description	(1)	(2)	(3) Extra Capacity		(5)	(6)	(7)	(8)
		Total	Base	Maximum Day	Maximum Hour	Meters and Service	Billing and Collecting	Direct Fire Protection	
		\$	\$	\$	\$	\$	\$	\$	
Treatment Plant									
1	Chemicals	1,657,400	1,657,400	-	-	-	-	-	Base All
2	Power	1,259,800	573,200	686,600	-	-	-	-	Base/Max Day All
3	Purchased Water	1,082,500	1,082,500	-	-	-	-	-	Base All
4	All Other	2,317,200	1,054,300	1,262,900	-	-	-	-	Base/Max Day All
5	Subtotal	6,316,900	4,367,400	1,949,500	-	-	-	-	
Transmission & Distribution									
6	Distribution Mains	1,645,200	567,600	681,100	396,500	-	-	-	Base/Max Day/Max Hour All
7	Transmission Mains	732,300	252,600	303,200	176,500	-	-	-	Base/Max Day/Max Hour All
8	Power	24,500	24,500	-	-	-	-	-	Base All
9	Meters & Services	904,000	-	-	-	904,000	-	-	Meters & Services
10	Fire Protection	20,400	-	-	-	-	-	20,400	Direct Fire
11	Subtotal	3,326,400	844,700	984,300	573,000	904,000	-	20,400	
12	Billing & Collection	422,700	-	-	-	-	422,700	-	Billing and Collecting
13	Admin & General	2,675,300	1,110,300	843,900	215,200	339,500	158,700	7,700	All above less Power & Chemicals
14	Subtotal Operating Expense	12,741,300	6,322,400	3,777,700	788,200	1,243,500	581,400	28,100	
15	PILOT	1,356,800	673,300	402,300	83,900	132,400	61,900	3,000	Line 14
16	Total Operating Expense	14,098,100	6,995,700	4,180,000	872,100	1,375,900	643,300	31,100	
17	Less: Other Revenue	1,570,000	779,100	465,500	97,100	153,200	71,600	3,500	Subtotal Operating Expense
18	Net Operating Expense	12,528,100	6,216,600	3,714,500	775,000	1,222,700	571,700	27,600	

DISTRIBUTE COSTS TO CUSTOMER CLASSES

- **Units of Service**

- The units of service attributable to the respective classes must be established for the test year for each cost component
- Water
 - Base – annual water usage expressed as average day
 - Extra Capacity – max day and max hour expressed as gallons per day
 - Need to develop a peaking factor for water demand
 - Customer – equivalent meters, number of bills
 - Fire – number of hydrants

DISTRIBUTE COSTS TO CUSTOMER CLASSES

- **Units of Service**

- The units of service attributable to the respective classes must be established for the test year for each cost component
- Wastewater
 - Volume – annual contributed sanitary wastewater flow and infiltration/inflow
 - Capacity – peak rate of flow for contributed flow and I/I
 - Strength – estimated quantities for BOD, TSS
 - Customers – number of bills

WATER CALCULATION OF UNIT COSTS

System Costs

Units of Service

Unit Costs

Base and Extra Capacity Costs

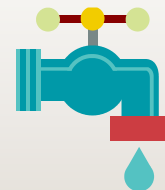
Volume



Mgal



\$/Mgal



Customers Costs

Customer



No. of Bills



\$/Bill



Direct Costs

Fire Protection



No. of Eq.
Hydrants



\$/Eq. Hydrant



Mgal= 1,000 gallons

WATER DISTRIBUTION OF COSTS TO CUSTOMERS CLASS

Volume Unit Cost x Residential Units (Mgal) = \$

Customer Unit Cost x Residential Units (Bills) = \$

Total Residential Cost of Service = \$

Same Calculation for Other Customer Classes

WATER INDICATED REVENUE ADJUSTMENT BY CLASS

		(1)	(2)	(3)	(4)	(5)
Line No.	Customer Class	Allocated Cost of Service	Allocation of Public Fire Protection	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Revenue Increase
		\$	\$	\$	\$	%
	Inside City					
1	RESIDENTIAL	13,818,600	324,000	14,142,600		
2	MULTI-FAMILY RATE	476,000	11,000	487,000		
3	COMMERCIAL	2,164,600	52,300	2,216,900		
4	PARK/CEM/GOLF COURSE	409,300	9,000	418,300		
5	GREENS@BA CONTRACT	147,900	3,000	150,900		
6	Total Inside City	17,016,400	399,300	17,415,700		
	Outside City					
7	RESIDENTIAL	726,500	33,000	759,500		
8	COMMERCIAL	33,700	1,600	35,300		
9	Total Outside City	760,200	34,600	794,800		
	Fire Protection					
10	Inside City					
11	Public	399,300	(399,300)	-		
12	Private	5,100	-	5,100		
13	Outside City					
14	Public	34,600	(34,600)	-		
15	Private	-	-	-		
16	Total System	18,215,600	-	18,215,600	16,711,600	9.0

WASTEWATER INDICATED REVENUE ADJUSTMENT BY CLASS

Line No.	Customer Class	(1) Allocated Cost of Service \$	(2) Revenue Under Existing Rates \$	(3) Indicated Revenue Increase %
Inside City				
1	RESIDENTIAL	7,642,200		
2	MULTI-FAMILY RATE	386,900		
3	COMMERCIAL	889,200		
4	GREENS@BA CONTRACT	44,400		
5	CONTRACT SEWER	32,300		
6	NON-METERED SEWER	314,500		
7	Total Inside City	9,309,500		
Outside City				
8	RESIDENTIAL	23,100		
9	COMMERCIAL	14,000		
10	NON-METERED SEWER	95,500		
11	Total Outside City	132,600		
Excess Strength Surcharge				
12	Bluebell Creameries	152,900		
13	Unifirst Corp.	50,400		
14	Total System	9,645,400	8,612,000	12.0

RATE DESIGN - WATER

Existing	Options	Advantage
Service charge by meter size	No change	Recognizes difference in meter costs by meter size
2 volume charges – retail, Greens at BA	Volume Charge by customer class (Residential, Commercial, etc)	Recognizes difference in customer class usage characteristics and demands
No Inside/Outside Differential	Inside/Outside Differential	Recognizes proprietary responsibilities and risks of serving outside city customers
No Private Fire Protection charge	Create monthly private fire protection service charge	Customers receiving the service pay for the service

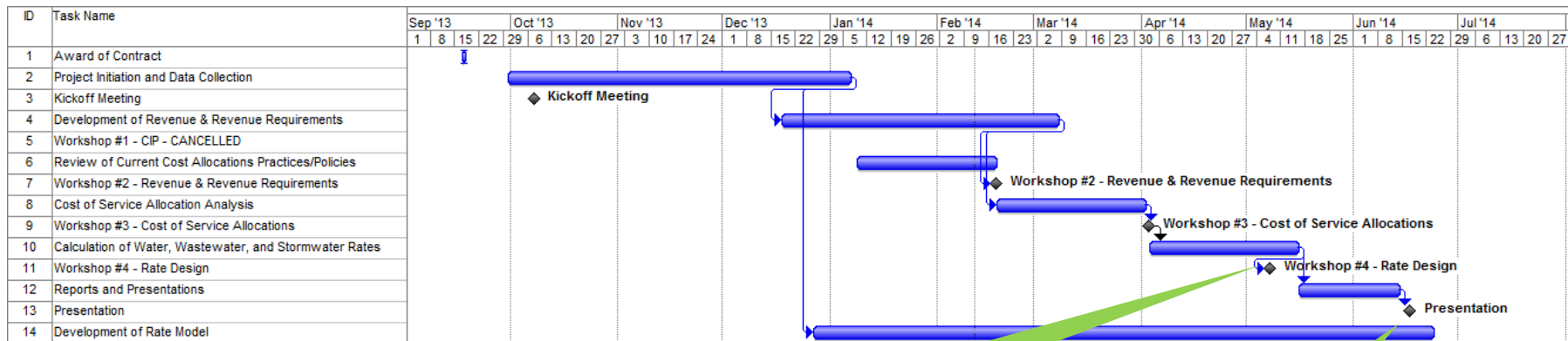
RATE DESIGN - WASTEWATER

Existing	Options	Advantage
Service charge by meter size	No change	Recognizes difference in infiltration/inflow costs by meter size
3 volume charges – retail, contract sewer, Greens at BA	Uniform volume charge	Most common rate structure for wastewater
No Inside/Outside Differential	Inside/Outside Differential	Recognizes proprietary responsibilities and risks of serving outside city customers

NEXT STEPS

PROJECT SCHEDULE

PROJECT SCHEDULE



May 6th – City Council
Study Session

June 2nd – City Council
Presentation

Building a **world** of difference.®

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